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CONCORDIA WATERWORKS DISTRICT #1
CONCORDIA PARISH POLICE JURY
Ferriday, Louisiana

**General Purpose Financial Statements
and Auditor's Reports**

June 30, 2002
and for the Year then Ended

(With comparative figures at June 30, 2001)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/30/02

JERI SUE TOSSPON
Certified Public Accountant

CONCORDIA WATERWORKS DISTRICT #1
CONCORDIA PARISH POLICE JURY
Ferriday, Louisiana

General Purpose Financial Statements
and Auditor's Reports

June 30, 2002
and for the Year then Ended

(With comparative figures at June 30, 2001)

CONCORDIA WATERWORKS DISTRICT #1
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SECTION I

GENERAL PURPOSE FINANCIAL STATEMENTS

REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Concordia Waterworks District #1
Ferriday, Louisiana

I have audited the accompanying general purpose financial statements of the Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, State of Louisiana, as of June 30, 2002 and for the year then ended. These financial statements are the responsibility of the Waterworks District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Concordia Waterworks District #1, as of June 30, 2002, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Concordia Waterworks District #1. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Ferriday, Louisiana
September 27, 2002

(With comparative figures from June 30, 2001)

ASSETS	June 30,	
	2002	2001
Current Assets		
Cash (Note 3)	\$ 1,485,821	\$ 1,483,632
Certificates of deposit (Note 3)	40,000	40,000
Accounts receivable, water sales (Note 5)	105,050	103,528
Accrued interest receivable	1,460	2,985
Prepaid expenses	3,468	2,841
Total current assets	\$ 1,635,799	\$ 1,632,986
Restricted Assets		
Bond Debt Service Fund:		
Certificate of deposit	\$ 77,492	\$ 75,092
2000 Sinking Fund		
Bond Sinking Fund:		
Certificate of deposit	35,114	34,838
2000 Reserve Fund	17,183	9,542
Depreciation Fund:		
Cash	122,193	111,690
2000 Contingency Fund	17,183	9,542
Consumer Deposits:		
Cash	66,968	63,261
Certificate of deposit	39,570	39,570
	\$ 375,703	\$ 343,535
Property, Plant and Equipment (Note 6)		
Property, plant and equipment	\$ 3,475,898	\$ 3,442,612
Construction in progress	4,943,234	3,773,620
Less accumulated depreciation	1,524,687	1,450,854
Net property, plant and equipment	\$ 6,894,445	\$ 5,765,378
Other Assets		
Utility deposits	\$ 335	\$ 335
TOTAL ASSETS	\$ 8,906,282	\$ 7,742,234
LIABILITIES, RESERVES AND CONTRIBUTIONS AND RETAINED EARNINGS		
Current Liabilities (Payable from current assets)		
Accounts payable	\$ 47,126	\$ 37,407
Sales tax payable	3,081	2,772
Payroll taxes payable	1,079	1,096
Total current liabilities (payable from current assets)	\$ 51,286	\$ 41,275
Current Liabilities (Payable from restricted assets)		
Tenant deposits	\$ 108,671	\$ 106,036
Notes payable, current portion (Note 7)	275,493	64,362
Accrued interest payable	8,029	8,776
Total current liabilities (payable from restricted assets)	\$ 392,193	\$ 179,174
Long Term Liabilities		
Notes payable (Note 7)	\$ 3,066,283	\$ 3,132,389
Total liabilities	\$ 3,509,762	\$ 3,352,838
Reserves		
Debt service and depreciation (Note 2)	\$ 269,163	\$ 240,702
Total reserves	\$ 269,163	\$ 240,702
Contributions		
Contributions from members	\$ 293,480	\$ 285,605
Contributions from subdividers	20,720	20,720
Grant-in-aid of construction	2,949,200	2,093,398
Total contributions	\$ 3,263,400	\$ 2,399,723
Retained earnings		
	\$ 1,863,957	\$ 1,748,971
TOTAL LIABILITIES, RESERVES CONTRIBUTIONS, AND RETAINED EARNINGS	\$ 8,906,282	\$ 7,742,234

See accompanying notes to financial statements.

CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED JUNE 30, 2002
(With comparative figures from June 30, 2001)

	Year ended June 30,	
	2002	2001
Operating Revenues		
Water sales	\$ 725,902	\$ 723,035
Penalties for late payment	24,191	26,270
Reconnect fees	15,575	14,665
Other income	41,926	42,098
Total operating revenue	\$ 807,594	\$ 806,068
Operating Expenses		
Salaries	\$ 171,855	\$ 157,406
Commissioners' fees	4,275	6,150
Payroll taxes	13,260	12,144
Repairs and maintenance	6,251	24,954
Truck expense	14,724	18,082
Operating supplies	71,907	95,123
Utility expense	66,278	53,432
Office expense	18,694	19,047
Insurance	63,585	49,629
Bad debts	6,497	10,059
Well site rent	400	1,150
Depreciation	73,833	81,174
Other operating expense	27,581	28,972
Total operating expense	\$ 539,140	\$ 557,322
Net income from operations	\$ 268,454	\$ 248,746
Other Revenue and (Expenses)		
Interest income	\$ 31,902	\$ 43,690
Grant income	855,802	196,713
Interest expense	(156,909)	(87,006)
Total other revenue (expenses)	\$ 730,795	\$ 153,397
Net Income (Loss)	\$ 999,249	\$ 402,143

See accompanying notes to financial statements.

**CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF CHANGES IN RETAINED EARNINGS
TWO YEARS ENDED JUNE 30, 2002**

Retained Earnings, July 1, 2000	\$ 1,521,333
Deduct:	
Increase in debt service and depreciation reserves	22,208
Grant in aid of construction	(196,713)
Add:	
Net Income	402,143
Retained Earnings, July 1, 2001	\$ 1,748,971
Deduct:	
Increase in debt service and depreciation reserves	(28,461)
Grant in aid of construction	(855,802)
Add:	
Net Income	999,249
Retained Earnings, June 30, 2002	\$ 1,863,957

See accompanying notes to financial statements.

CONCORDIA WATERWORKS DISTRICT #1
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002
(With comparative figures from June 30, 2001)

	Year ended June 30,	
	2002	2001
Cash flows from operating activities		
Cash received from water sales	\$ 808,706	\$ 806,302
Interest income received	33,427	43,498
Cash paid to suppliers and employees	(455,922)	(478,878)
Interest expense paid	(157,656)	(140,818)
Grant in aid of construction	855,802	196,713
Net cash provided by operating activities	\$ 1,084,357	\$ 426,817
Cash flows from financing activities		
Principal paid on notes payable	\$ (64,024)	\$ (45,517)
New principal borrowings	209,049	
Cash contributions from members	7,875	10,450
Total cash used for financing activities	\$ 152,900	\$ (35,067)
Cash flows from investing activities		
Purchase of fixed assets	\$ (33,286)	\$ (23,123)
Construction of fixed assets	(1,169,614)	(233,591)
Total cash used for investing activities	\$ (1,202,900)	\$ (256,714)
Net increase (decrease) in cash	\$ 34,357	\$ 135,036
Cash at beginning of year	1,867,167	1,732,131
Cash at end of year	\$ 1,901,524	\$ 1,867,167
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 999,249	\$ 402,143
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	73,833	81,174
Changes in assets and liabilities:		
Increase in accounts receivable	(1,522)	(2,742)
Decrease in interest receivable	1,525	(192)
Decrease in prepaid expenses	(627)	(307)
Decrease in accounts payable	9,719	(3,260)
Increase in taxes payable	291	837
Increase in tenant deposits	2,636	2,976
Decrease in accrued interest payable	(747)	(53,812)
Net cash provided by other activities	\$ 1,084,357	\$ 426,817

See accompanying notes to financial statements.

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 1 - INTRODUCTION

The Concordia Waterworks District #1 is a part of a financial reporting entity which is the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 393, dated May 16, 1966 to serve the rural areas of eastern Concordia Parish, under R.S. 33:3811. As such, it is accounted for as a component unit.

The Concordia Waterworks District #1 is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members each serving five year terms. They are compensated at the rate of \$75 per meeting.

The District serves approximately 2,200 consumers with a staff of seven employees. They maintain 160 miles of water lines, supplying over 173,000,000 gallons of water annually from two wells.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity - As the governing authority of the parish, for reporting purposes, the Concordia Parish Police Jury is the financial reporting entity for Concordia Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Concordia Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of the Waterworks District's board and said board is fiscally dependent on the police jury, the District was determined to be a component unit of the Concordia Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting - The accounts of Concordia Waterworks District #1 are organized on the basis of a single proprietary fund type, the enterprise fund. Enterprise funds are used to account for operations in a manner similar to private business enterprises where the cost (expense, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

D. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components.

The proprietary fund is accounted for using the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Bad debts are recognized when they become uncollectible.

E. Cash and Certificates of Deposit - Cash includes amounts in demand deposits. The District conducts all its banking transactions with two state-chartered institutions in Concordia Parish.

At June 30, 2002, the Concordia Waterworks District #1 had \$1,925,517 (banks' balance) on deposit at these financial institutions.

All cash and certificates of deposit are deposited in financial institutions insured by an agency of the United States Government. Additionally, there is \$3,042,578 in additional collateral held by the bank in the District's name as required.

F. Inventories - Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

G. Property, Plant and Equipment - Additions to the utility plant in service are recognized at cost, or if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation of fixed assets used by the Waterworks District is charged as an expense against their operations. Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

Buildings	25 years
Distribution system	50 years
Equipment	3-25 years

H. Reserves of Fund Equity - The Waterworks District records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by the Waterworks District:

Debt service & Depreciation reserve	\$ 269,163
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I. Income Taxes - Concordia Waterworks District #1 is a component unit of the Concordia Parish Police Jury, and, as such, is not subject to federal or state income taxes.

NOTE 3 - CASH AND CERTIFICATES OF DEPOSIT

At June 30, 2002, the Waterworks District has cash and certificates of deposit totaling \$1,901,524, as follows:

Demand deposits	\$1,674,681
Certificates of deposit	226,543
Cash on hand	300
	<u>\$1,901,524</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. At June 30, 2002, the waterworks district had \$1,925,517 in collected bank balances. These deposits are secured from risk by \$200,000 of federal deposit insurance and \$3,042,578 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 4 - RESTRICTED ASSETS

Certain assets were restricted for debt service and consumer deposits. These assets consisted of and are restricted to the following:

Bond debt service	\$ 77,492
Bond sinking fund	35,114
2000 reserve fund	17,183
Bond depreciation fund	122,193
2000 contingency fund	17,183
Consumer deposits	<u>106,538</u>
	<u>\$375,703</u>

NOTE 5 - ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable due on June 30, 2002:

Current	\$ 86,577
31-60 days	15,996
61-90 days	1,538
Over 90 days	<u>939</u>
	<u>\$105,050</u>

NOTE 6 - CHANGES IN FIXED ASSETS

A summary of the Waterworks District's property, plant and equipment and changes thereto follows:

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Land and Right of Way Easements	\$ 287,142			\$ 287,142
Distribution system, wells, tanks and equip	2,847,893	\$ 11,925		2,859,818
Office building, furniture and equipment	<u>307,577</u>	<u>\$ 21,361</u>		<u>328,938</u>
	\$3,442,612	\$ 33,286		\$3,475,898
Less accumulated depreciation	<u>1,450,854</u>	<u>73,833</u>		<u>1,524,687</u>
	<u>\$1,991,758</u>	<u>(\$ 40,547)</u>	<u>\$ -0-</u>	<u>\$1,951,211</u>

During the fiscal year ended June 30, 2000, the waterworks district began construction of a new water system, on land purchased by the district in 1998. The construction is still in progress and is expected to be put on line in late 2002. Construction in progress consists of the following expenditures:

For the year ended 06-30-00	
Engineering services	\$ 475,642
Legal services	53,169
Construction costs	2,939,319
Capitalized interest costs	71,599
Other	<u>300</u>
	\$3,540,029
For the year ended 06-30-01	
Construction costs	162,114
Capitalized interest costs	<u>71,477</u>
	\$3,773,620
For the year ended 06-30-02	
Construction costs	1,053,769
Engineering services	<u>115,845</u>
	<u>\$4,943,234</u>

Construction is being financed by two water revenue bonds in the total amount of \$2,557,000 and three grants in the total amount of \$2,644,200 and such funds as will be needed from the waterworks district.

NOTE 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of the notes payable for the year ended June 30, 2002:

	Note 91-01	Note 91-03	Note R-1	Note R -2
Notes payable at June 30, 2001	\$ 89,591	\$560,000	\$2,067,040	\$480,120
Less principal paid	<u>21,373</u>	<u>20,000</u>	<u>18,315</u>	<u>4,335</u>
Notes payable at June 30, 2002	<u>\$ 68,218</u>	<u>\$540,000</u>	<u>\$2,048,725</u>	<u>\$475,785</u>

Long-term debt at June 30, 2001 consists of:

Notes Payable #90-01 - Water Revenue Bonds due to General Electric Capital Corporation issued October 12, 1967 due in annual installments of \$24,769 through January 1, 2004 including interest at a rate of 3.75%. The water plant and distribution system are pledged as collateral for this loan. \$ 68,218

Notes Payable #91-03 - Water Revenue Bond due to General Electric Capital Corporation issued March 31, 1980 in the original amount of \$745,000 at an interest rate of 5% due in annual installments of \$15,000 or more plus interest through March 30, 2020. This loan is secured by a pledge of revenues from the sale of water by the district. 540,000

Notes Payable #R-1 - Water Revenue Bond due to the United States of America, Rural Development, issued February 1, 2000 in the original amount of \$2,075,000 at an interest rate of 5% due in monthly installments of \$10,105.25 including amortized principal and interest through February 1, 2040. Interest only is due on February 1, 2001. This loan is secured by a pledge of revenues from the sale of water by the district. 2,048,725

Notes Payable #R-2 - Water Revenue Bond due to the United States of America, Rural Development, issued February 1, 2000 in the original amount of \$482,000 at an interest rate of 4 7/8% due in monthly installments of \$2,303.96 including amortized principal and interest through February 1, 2040. Interest only is due on February 1, 2001. This loan is secured by a pledge of revenues from the sale of water by the district. 475,785

Total notes payable \$3,132,728

The District's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Notes 91-01 and 91-03

- (1) Waterworks Operations and Maintenance Fund
Funds are to be transferred to this fund from the Waterworks Revenue Fund on the first day of each month in sufficient amounts to pay all operating expenses and to make a reasonable provision for the repair and maintenance of the system.
- (2) Waterworks Note Reserve Funds (Debt Service and Sinking: Note #91-01)
The minimum amount to be transferred to this fund each month from the Waterworks Revenue fund shall be not less than one-twelfth of the amount of principal and interest coming due on the next succeeding note payment date. An additional amount of \$165 per month is required to be transferred from the Waterworks Revenue Fund to the Note Reserve Fund until \$30,000 has been accumulated.
- (3) Waterworks Note Reserve Funds (Debt Service and Sinking: Note #91-03)

The minimum amount to be transferred to this fund each month from the Waterworks Revenue Fund shall be not less than one-twelfth the amount of principal and interest coming due on the next succeeding bond payment date. An additional amount of 5% of the required minimum monthly amount is to be transferred from the Waterworks Revenue Fund to the Note Reserve Fund until \$49,500 has been accumulated.

- (4) **Waterworks Depreciation Fund**
An amount equal to \$165 per month for Note #90-01 plus \$184 per month for Note #91-03 is to be transferred to this fund on the first day of each month from the Waterworks Revenue Fund. Monies in this fund shall be used solely for the purpose of paying the cost for major repairs of damages caused by unforeseen catastrophe and for the replacements made necessary by the depreciation of the system.

Notes R-1 & R-2

- (1) **2000 Water Revenue Bond and Interest Sinking Fund (Sinking Fund)**
The district shall transfer monthly in advance on or before the 20th day of each month of each year a sum equal to the total amount of principal and interest falling due on the next principal payment date for the Bonds (except during the first year the Bonds are outstanding, a monthly sum equal to one-twelfth (1/12th) of the interest falling due on the first payment date).
- (2) **2000 Water Revenue Bond Reserve Fund (Reserve Fund)**
The district shall transfer monthly in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the Sinking Fund, to continue until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable.
- (3) **2000 Water Depreciation and Contingency Fund (Contingency Fund)**
The district shall transfer monthly in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the Sinking Fund, to continue until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable, then the monthly payments into the Contingency Fund shall increase by an amount equal to 5% of the amount being paid into the Sinking Fund.

The District is in compliance with all of these covenants.

The annual requirements to retire general long-term debt as of June 30, 2001 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 65,203	155,476	\$ 220,679
2004	67,043	152,636	219,679
2005	69,487	149,193	218,680
2006	47,514	145,396	192,910
2007	53,916	139,995	193,911
Thereafter	<u>2,829,565</u>	<u>2,608,649</u>	<u>5,438,214</u>
	<u>\$3,132,728</u>	<u>\$3,351,345</u>	<u>\$6,484,073</u>

NOTE 8 - NOTES PAYABLE - CURRENT

The District has current notes payable as follows:

Current portion of long term debt	\$ 66,444
Construction financing (grant anticipation loan)	<u>209,049</u>
Total	<u>\$275,493</u>

NOTE 9 - BAD DEBTS EXPENSE

The District uses the direct write-off method to account for bad debts.

NOTE 10 - EMPLOYEE BENEFITS

The District does not have a retirement plan other than those benefits provided by Social Security. The accrual of sick leave and vacation benefits are estimated to be of an immaterial amount.

NOTE 11 - LITIGATION

The District is not involved in any litigation at this time.

SECTION II

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
Concordia Waterworks District #1

I have audited the general purpose financial statements of Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, State of Louisiana, for the year ended June 30, 2002, and have issued my report thereon dated September 7, 2002. I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Concordia Waterworks District #1 financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements of the Waterworks District, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited

may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script, reading "Ji Sue Lorr".

Ferriday, Louisiana
September 27, 2002

SECTION III

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

OTHER REPORTS REQUIRED BY THE SINGLE AUDIT ACT

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

CONCORDIA WATERWORKS DISTRICT
Ferriday, Louisiana

Compliance

I have audited the compliance of the Concordia Waterworks District, Ferriday, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Concordia Waterworks District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Concordia Waterworks District's management. My responsibility is to express an opinion on Concordia Waterworks District's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Concordia Waterworks District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Concordia Waterworks District's compliance with those requirements.

In my opinion, Concordia Waterworks District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Concordia Waterworks District, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Concordia Waterworks District's internal control over compliance with requirements that could have a direct and material effect on a major

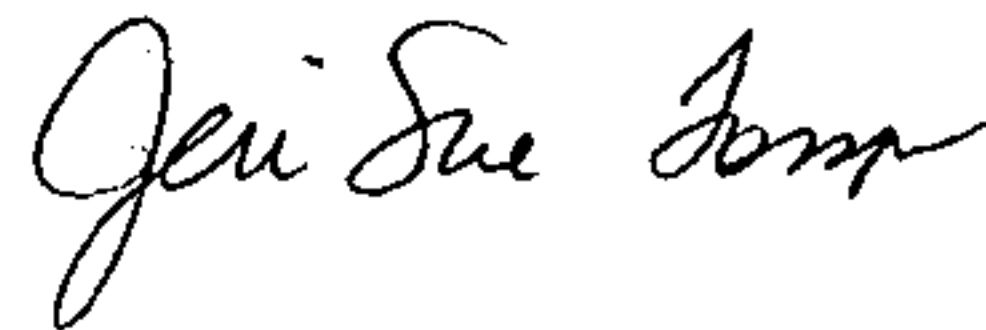
federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

I have audited the general purpose financial statements of the Concordia Waterworks District as of and for the year ended June 30, 2002 and have issued my report thereon dated September 27, 2002. My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of the Concordia Waterworks District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as whole.

This report is intended solely for the information and use of the management, others within the organization, members of the Board of Commissioners, members of the Police Jury, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



September 27, 2002

Concordia Waterworks District #1
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Concordia Waterworks District.
2. No reportable conditions disclosed during the audit of the general purpose financial statements were reported.
3. No instances of noncompliance material to the general purpose financial statements of the Concordia Waterworks District were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs were reported.
5. The auditor's report on compliance for the major federal award programs for the Concordia Waterworks District expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the Concordia Waterworks District are reported in this Schedule.
7. The programs tested as major programs included:

Department of Agriculture, Water and Waste Disposal Systems for Rural Communities, CFDA 10.760
8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. Concordia Waterworks District was determined to be a low-risk auditee.

CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2002

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Program Amount	Beginning Balance at July 1, 2001	Receipts	Expenditures	Ending Balance at June 30, 2002
United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760	\$ 5,201,200	\$ 0	\$ 855,802	\$ 855,802	\$ 0
			\$ 0	\$ 855,802	\$ 855,802	\$ 0

CONCORDIA WATERWORKS DISTRICT #1

Notes to Schedule of Expenditures of Federal Awards
As of and For the Year ended June 30, 2002

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Concordia Waterworks District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 2 - RECEIPTS

Receipts from the United States Department of Agriculture, Water and Waste Disposal Systems for Rural Communities during the fiscal year ended June 30, 2002 were as follows:

Grant R-2	\$ 425,802
Grant R-3	<u>430,000</u>
Total	<u>\$ 855,802</u>

SECTION IV
SUPPLEMENTAL INFORMATION

CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF COMMISSIONERS COMPENSATION
YEAR ENDED JUNE 30, 2002

Mrs. Jean Fairbanks, President	\$ 825
Mr. Edgar Jones	900
Mrs. Helen Lyles	900
Mr. John Morgan	825
Mr. Wilson Palmer	<u>825</u>
	<u>\$4,275</u>